

Message Text

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PAGE 01 JAKART 01929 110632Z

ACTION EA-09

INFO OCT-01 ISO-00 SSO-00 L-03 SS-15 INR-07 EB-08 SP-02

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 9229

C O N F I D E N T I A L JAKARTA 1929

STADIS//////////

E.O. 11652: GDS

TAGS: EFIN, BGEN, ID

SUBJECT: DOMSAT CASE

REF: (A) STATE 28714, (B) JAKARTA 1772 AND PREVIOUS

1. LOCAL HUGHES REP FRED JUDGE FEBRUARY 10 GAVE TO EMBASSY
COPY OF TELEX FROM HUGHES PRESIDENT TO MINCOMMUNICATIONS
SALIM HE HAD DELIVERED SAME MORNING. COMPLLTE TEXT OF
TELEX IS AS FOLLOWS:

BEGIN TEXT:

DEAR DR. SALIM:

THE INFERENCES OF RECENT NEW YORK TIMES STORIES ON
THE INDONESIAN SATELLITE PROGRAM ARE AN INSULT TO THIS
COMPANY AND TO INDONESIA. WE HAVE STUDIED THOSE ARTICLES
CAREFULLY FOR POSSIBLE LEGAL ACTION. HOWEVER, THEY SEEM
TO BE WRITTEN IN A CIRCUMSPECT AND SUGGESTIVE WAY
WHICH MAKES DIRECT LEGAL ACTION DIFFICULT.

SO THAT THERE CAN BE NO QUESTION IN ANYONE'S MIND,
I AM ANXIOUS TO PROVIDE YOU WITH THE FOLLOWING FACTS.
THE HUGHES ARICRAFT COMPANY HAS PAID NO ONE IN INDONESIA,
OR ANYWHERE ELSE, ANY AMOUNT TO WIN THE INDONESIAN
DOMESTIC SATELLITE SYSTEM CONTRACT. IT WILL PAY NO ONE
ANY AMOUNT IN THE FUTURE. HAC HAS NEVER HAD AN AGENT
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FOR THE INDONESIAN SATELLITE PROGRAM -- IT HAS NONE NOW.
WE MADE SIMILAR STATEMENTS TO THE NEW YORK TIMES, WHICH
WERE INCLUDED IN THEIR ARTICLES.
RELATIVE TO THE SOURCES QUOTED BY THE TIMES, WE CAN
REPORT THE FOLLOWING. HUGHES WAS APPROACHED BY MR. V.
GOLD WHO WANTED TO ACT AS OUR AGENT IN INDONESIA
FOR

THE SATELLITE PROGRAM. WE DECLINED THIS AND ALL OTHER SUCH REQUESTS. MR. CHEATHAM WAS A CONSULTANT TO HUGHES AND OTHER COMPANIES. HE HAD NO CHARTER FROM HUGHES TO DISCUSS THE INDONESIAN SATELLITE PROJECT WITH ANYONE. WE TERMINATED OUR RELATIONSHIP WITH HIM IN EARLY 1974.

THE CONFLICT BETWEEN GTE AND HUGHES REPORTED IN THE TIMES IS NON-EXISTENT. AS YOU KNOW WELL GTE DOES NOT BUILD SATELLITES AND WAS PRIMARILY BIDDING FOR TELEPHONE SWITCHING EQUIPMENT. GTE DID ASK HUGHES TO PROVIDE A SATELLITE TO THEM AS A PORTION OF AN OVERALL TELECOMMUNICATION PROPOSAL, AS DID OTHER COMPANIES. WE DECLINED THIS REQUEST, AND OTHERS LIKE IT. WE DID SO BECAUSE WE BELIEVED THAT A DIRECT CONTRACT WITH PERUMTEL

WOULD GIVE INDONESIA A LESS EXPENSIVE AND MORE EFFECTIVE PROGRAM. THE PROGRAM'S SCHEDULE, COST AND TECHNICAL SUCCESS PROVE THE WISDOM OF THAT DECISION.

VERY TRULY YOURS,
HUGHES AIRCRAFT COMPANY
SIGNED

ALLEN E. PUCKETT
PRESIDENT
END TEXT

2. JUDGE (WHO SEES PERSONNEL FROM DIRECTORATE GENERAL FOR POST AND TELECOMMUNICATIONS, INCLUDING MAJOR GENERAL SUHARDJONO ON VIRTUALLY A DAILY BASIS) EXPRESSED HIS BELIEF THAT THE POST TEL'S "IN-HOUSE STUDY" OF THE CONFIDENTIAL

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DOMSAT SCANDAL HAD BEEN PUT TO REST. POST TEL HAD CONCENTRATED ON TWO AREAS, THE PRICE INCREASES IN THE DOMSAT PACKAGE, WHICH IT FEELS IT CAN EXPLAIN SATISFACTORILY; AND THE COST OF THE INDONESIAN DOMSAT AS COMPARED WITH THOSE OF OTHER COUNTRIES, WHICH IT FEELS ARE GENERALLY COMPARABLE. POST TEL TURNED OVER THE RESULTS OF THE STUDY TO SALIM, AND APPARENTLY PLANS NO FURTHER ACTION. (THIS IS BORNE OUT BY STATEMENT OF POST TEL PR OFFICER, FIRST TO PRESS, AND LATER IN A TELECON TO EMBOFF, THAT POST TEL CONSIDERS THE CASE SETTLED. HOWEVER, WHILE HE DID NOT SAY SO PUBLICLY, THE PR MAN ADMITTED TO EMBOFF THAT POST TEL'S OPINION IS NOT SHARED BY SALIM, WHO, HE SAID, IS CONTINUING HIS OWN, BROADER INVESTIGATION.)

3. SALIM CONFIRMED TO JUDGE THAT HE DOES NOT CONSIDER THE MATTER FINISHED. EVERYTHING HE HAS SEEN IS "CLEAN," HE SAID, BUT HE HAS BEEN UNABLE TO PROVE THAT CORRUPTION DID NOT TAKE PLACE, AND THUS DOUBTS REMAIN. IN HIS OPINION HUGHES TELEX HELPED BUT DID NOT GO FAR ENOUGH.

HE FELT IT WOULD NOT ERASE ALL CURCENT SUSPICIONS AND
COULD LEAD TO MORE QUESTIONS. FOR EXAMPLE, THE LOCAL
INTERPRETATION OF THE SCANDAL IS THAT IT IS A BATTLE OF
GIANTS AND SALIM NOTED THAT HUGHES, BY DENYING THAT IT
WAS IN COMPETITION WITH GTE OR THAT IT HAD GROUNDS FOR
LEGAL ACTION, DID NOT SEEM TO BE DOING BATTLE WITH MUCH
ENTHUSIASM. QUESTION ARISES, SALIM COMMENTED, AS
TO JUST EXACTLY WHAT HUGHES DOES INTEND TO DO. JUDGE
WAS LEFT WITH THE IMPRESSION THAT SALIM PROBABLY WOULD
NOT RELEASE THE TELEX TO THE PRESS.

4. JUDGE NOTED THE REAL PRESSURE SALIM IS FACING TO
TAKE SOME DECISIVE ACTION BUT SPECULATED THAT HUGHES
WOULD NOT GO MUCH FURTHER THAN IT HAD IN THE TELEX.
HE REQUESTED THAT WE TREAT OUR COPY OF IT WITH UTMOST
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
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Copy: SINGLE
Sent Date: 11-Feb-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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Disposition Reason:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: GS
Errors: N/A
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Film Number: D770049-0345
Format: TEL
From: JAKARTA
Handling Restrictions:
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Litigation History:
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Message ID: e0f5f5c7-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
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Original Handling Restrictions: STADIS
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